

FISCAL NOTE

HB 1720 - SB 1799

April 1, 2003

SUMMARY OF BILL: Enacts the Tennessee Fair Lending Act, which among other things:

1. Requires any person who makes a *covered home loan* or acts as a mortgage broker, finance company or retail installment seller to register with the Department of Financial Institutions, unless the person is already regulated by the department or by a state or federal banking regulator and qualified to do business in Tennessee.
2. Provides it shall be unlawful to engage in the business as a lender, including broker, agent, or originator of a covered home loan in the state unless such person is licensed regulated or registered, and specifies actions that may be taken by the Department of Financial Institutions. Such actions may be taken individually against any officer, director, manager, governor, or partner.
3. Subjects covered home loans to specific limitations.
4. Prohibits counties, municipalities and other state subdivisions from enacting or enforcing ordinances pertaining to financial, depository or lending activities of persons who are subject to jurisdiction of the Department or another state, or subject to regulation by federal agencies.
5. Authorizes the Department of Financial Institutions to make and enforce reasonable rules and regulations as are necessary and proper for the administration, enforcement and interpretations of this bill. Authorizes the department to have sole enforcement for any civil actions.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$289,964 Recurring
\$7,400 One-Time**

Increase State Revenues - Exceeds \$200,000

Estimates assumes:

- an increase in expenditures for 4 loan examiner positions, 1 attorney, 1 legal assistant and related expenditures in the Department of Financial Institutions to conduct investigations.
- an increase in state revenues of \$200,000 from collections of examination fees (\$250 per day X 200 examination days per year X 4 loan examiners) plus collections of civil penalties.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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